

## Section Four: Housing and Community Development

FY 2005 County Housing Rebate	\$ -
County Cost Rebate Estimate (Insufficient information to make estimate)	\$ -
City Cost Rebate Estimate (with administration and capital expenditures)	\$ 945,032
Actual City Expenditure (excludes general administration and capital expenditures)	\$ 994,607

### *Background*

The Takoma Park Department of Housing and Community Development has four divisions:

- Housing -- oversees landlord-tenant relations, monitors rental rates under the rent stabilization law and assists tenants who wish to convert apartments into condominiums or cooperatives.
- Code Enforcement -- responsible for licensing and inspections of all housing and commercial property in Takoma Park.
- Community and Economic Development -- works on several issues that relate to the economic and physical well-being of the City with a focus on transportation, economic development and development review.
- Grants Management -- works with the Community Development Block Grant Community Advisory Committee to review proposals and present recommendations to City Council for the use of federal block grant funds.

### *Findings*

The Department of Housing and Community Development is supported by a FY05 budget of just under one million dollars. Revenues from grants or fees result in a net cost lower than the budgeted cost for some services, but the revenues fluctuate annually.

**Table 9. FY05 Housing and Community Development Budget and Associated Revenues**

City Service	FY05 Budget	Associated Revenue
Administration	\$102,000	None
Housing, which includes affordable housing, landlord-tenant affairs and COLTA.	271,000	\$17,000 for Capacity Building–Community Development Block Grant
Code Enforcement	290,000	\$175,000 rental license fees
Community Development	235,000	For FY05, the City has secured \$375,000 in new grants <sup>22</sup> - note that these grants are used for other projects and do not replace the funds expended securing them.
Grants Management	97,000	

The City receives no rebate from the County even though some of the services provided by the City's Housing and Community Development Department are similar or duplicative.

- Housing: The City's housing functions, such as landlord-tenant mediation and the facilitation of affordable housing, could be administered by the County. However, the County has rejected any transfer due to the City's rules governing rent stabilization and the "excessive" paperwork involved in monitoring apartments unit by unit, each of which can have a differing allowable rental rate.
  - The City's rent stabilization program also impedes divestiture of landlord-tenant affairs and COLTA (Committee on Landlord-Tenant Affairs). Because city and county codes differ significantly, a transfer is precluded. However, the City's handling of these services does reduce the County's workload, for which the City is arguably due a rebate. The lower rents that result from rent stabilization also make a significant contribution to the County's announced goal of affordable housing, for which the City is not compensated.
  - COLTA and the handling of landlord-tenant affairs cost the City a combined \$199,000 in FY05. (Additional COLTA costs are contained in General Government accounts that pay for legal services, averaging approximately \$100,000 annually for FY04 and FY05.)
- Code Enforcement: In 2004, the City contracted with the County to handle a portion of code enforcement, the rental housing inspections, at a savings of about \$50,000. While the City pays the County for the work involved, the cost is essentially offset by fees collected from landlords. Another advantage is that the County assigns more inspectors locally than the City did; meanwhile, the City retains oversight.

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<sup>22</sup> These grants include: National Recreational Trail Programs for the Metropolitan Branch Trail (\$29,747); Federal COPS grant (\$100,000); State Highway Administration Retrofit Sidewalk Program for Carroll Avenue (\$200,000); and Community Parks and Playground Grant for Toatley Fraser Park (\$45,000)

Housing and Community Development

- Both the County and the City administer licensing programs. The City is able to offset costs for this service by fees recovered for licenses. For FY05, administration of rental housing licenses is budgeted at \$178,000 while the projected revenues are \$175,000. Commercial occupancy licensing has not yet been implemented but will have fee structures that will enable it to operate on a break-even basis.
- Community Development and Grants Management: Funds invested in securing and managing grants are leveraged to secure considerable grants funding for capital projects. These funds are not offset, but considering that they yield more funding than is expended to secure them, this appears to be a good investment for the City. Further, the administration of community development at the local level helps to ensure the City's priorities are pursued.

## ***Options and Recommendations***

There are several options available to the City for addressing the costs of administering the Housing and Community Development Department. They include seeking a rebate from the County for duplicative or similar services, returning select housing and community development functions to the County, and entering into contractual arrangements with the County or a third party to administer services currently managed by the City.

### **Generating additional revenue for housing in Takoma Park**

#### **The following options are recommended:**

- **Rebate:** The Committee recommends the City identify the housing functions that are the same or similar to those in the County and seek a rebate equivalent to the amount the County saves in not providing these services. Differences in codes should not be an impediment and are only relevant if the County were to take over administration of the services; and
- **Contracted Services:** The Committee recommends the City apply the successful model used for housing inspections to other services or functions that are appropriate for third-party administration. The most efficient contractor is likely to be the County since county staff can leverage economies of scale to reduce costs.

### **Exploring alternatives to city delivery of housing services**

#### **Transfer of Services: City staff has identified the services the County could provide and offered these options with the accompanying comments:**

- Affordable housing, but the County would not necessarily follow policies consistent with City priorities;

- Code enforcement, but the service would conform to the county code;<sup>23</sup>
- Community development, but there would be a lessening of community interaction and the County's priorities would prevail;
- Grants management, but the local focus would be diminished and the County would set priorities;
- Landlord-tenant services, but the City would have to revoke its landlord-tenant codes as well as rent stabilization. Further, it would lose local control over resolving landlord-tenant disputes; and
- COLTA, but the County would not review cases or complaints based on the City's code, as in the recent contracting with the County for rental housing inspections.

## *Summary*

The City receives no rebates for housing and community development even though many of the services are the same or similar. However, in 2004 the City contracted with the County to handle a significant portion of code enforcement at a savings of about \$50,000.

### **The Committee offers the following recommendations for housing and community development:**

- The City should request a rebate equivalent to the amount the County saves by not providing code enforcement, landlord-tenant services and other housing services in Takoma Park; and
- The City should identify housing services or functions that can be successfully contracted for third-party administration, as in the recent handoff to the County of the rental housing inspection program.

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<sup>23</sup> If the county and city codes were made identical, it would clear the way for ceding code enforcement as well as other housing functions to the County. However, this would involve a debate over the City's rent stabilization program.